

K Liner

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News in brief

K mart attained a record \$18.6 billion in sales for fiscal 1983, Board Chairman Bernard Fauber announced on February 2nd.

Consolidated sales for the four weeks ended January 25, 1984 were \$1,062,301,000, up 5.8% from the \$1,004,423,000 posted for January 1983. Comparable store sales—those from K mart stores open at least one year—rose by 4.1% in January 1984 over the previous January.

Sales for fiscal 1983, which ended January 25, 1984, were approximately \$18,598,330,000 or 10.9% above the \$16,772,166,000 attained in fiscal 1982.

"The excellent sell-through of seasonal merchandise was one of the best in our history," Fauber says. "Strong sales in December left only minimal supplies of seasonal goods for January clearances."

"We are pleased that we achieved our targeted sales gain of 10% for the fourth quarter," Fauber added. "We expect sales to increase at about the same rate in the first quarter of 1984."

January sales included results from 2,162 K mart discount department stores this year, compared with 2,117 K mart stores last year. Among other contributors to sales are Designer Depot, Kresge and Jupiter stores and Furr's Cafeterias, Inc.

K mart sales for the first four weeks of fiscal 1984 rose 11.2% from the level of February 1983, Chairman Bernard Fauber announced on March 1st.

Consolidated sales for the four weeks ended February 22, 1984 were \$1,103,322,000 compared with \$991,986,000 for the previous February. Comparable store sales—those from K mart stores open at least one year—increased 9.2% in February 1984 over the same period in 1983.

"February results marked a return

to the double-digit increases we reported for most months last year," Fauber says.

"Most stores reported women's apparel increases at twice the store average, indicating that consumers are enthusiastic about our new spring fashions," he added. "Two weeks of favorable weather also assisted in most parts of the country."

Fauber said the company continues to receive gratifying results from stores that have been converted to new departmental layouts and merchandise.

Included in February sales were results from 2,158 K mart discount department stores in 1984, compared with 2,118 K mart stores in 1983. Also contributing to sales are Designer Depot, Kresge and Jupiter stores, Furr's Cafeterias, Inc., and Bishop Buffets, Inc.

K mart resumed the savings program available through its stores located at 560 N. State Road 7 in Margate, 435 S. Highway 17-92 in Fern Park and 9500 9th Street N. in St. Petersburg, Florida. Executive Vice President of Finance Robert Brewer announced on February 21.

The program, which began January 16, was briefly interrupted on January 31 by a temporary restraining order by the Leon County Florida Circuit Court. The temporary restraining order was lifted by the courts on Friday, February 17. Certificates of deposit and money market funds can continue being offered through the three K mart stores in Florida beginning on February 20.

These savings deposits include a Money Market Plus Account paying an annual interest rate of 10% for deposits between \$2,500 and \$25,000, 10.25% per annum for amounts over \$25,000, and 10.50% for amounts over \$50,000, along with a One-Year Bonus Account paying interest at the rate of 13% per annum for the first month and 10% per annum for the remaining 11 months. For certificate accounts a substantial interest penalty is required for early withdrawal.

"All accounts are insured up to \$100,000 by the Federal Savings and Loan Insurance Corporation (FSLIC)," Brewer says. "We are pleased that our Florida customers can once again take advantage of these attractive interest rates."

K mart Insurance Centers in Florida and Texas will continue normal operation. The centers offer a range of insurance coverage.

K mart announced on February 13 that it has entered into a license agreement with Three D Departments, Inc., whereby Three D will lease space to operate bed and bath departments in select Designer Depot off-price bed and bath merchandise normally found in department and specialty stores. The addition of this new department will broaden the selection of merchandise available in Designer Depot stores.

"We feel that Three D Departments are experts in their fields," Executive Vice President of Merchandising and Subsidiaries Norman Milley says. "The nationally known bed and bath products in Designer Depot stores are another example of our company offering the highest-quality merchandise to customers at the best price available."

Three D Departments, Inc., headquartered in Hartford, Conn., is one of the nation's largest retailers of bed and bath products, with 1983 sales of approximately \$51 million. Currently, Three D operates 28 Three D Bed & Bath specialty stores on both the east and west coasts, and over 50 leased departments nationwide.

K mart and the Hechinger Company of Washington, D.C., will develop do-it-yourself home center warehouse stores, principals of the two firms announced on February 23, in a press conference.

Board Chairman Bernard Fauber and Hechinger President John Hechinger said the companies completed an agreement to undertake a joint venture operation. Each firm will provide equal investments and share equally in the results of the new operation. The amount of the initial investment was not disclosed.

The new venture, The Home Team, will provide goods at discount prices for the rapidly expanding do-it-yourself market. Located in sites of some 80,000 square feet in major metropolitan areas, the stores will feature comprehensive selections of building materials, hardware, tools, paint, plumbing, electrical and garden products.

Immediate plans for the joint project are to open three stores by summer, all in metropolitan Chicago. More stores will follow.

Chief executive of the new venture will be Stephen Bachand, currently senior vice president of Hechinger. A graduate of the University of Virginia Graduate School of Business, Bachand joined Hechinger in 1963.

Headquartered in Washington, D.C., the new venture will be distinct from the current operations of both firms. Hechinger, which currently operates 41 home center stores in the eastern U.S., will continue to expand that portion of its business.

"Hechinger is recognized by many as the most complete merchandising operation for consumers' do-it-yourself needs in the U.S. today," Fauber said. "We at K mart believe Hechinger to be the best partner we could have in this exciting new venture."

Hechinger says, "K mart contributes its experience in store management, merchandising capabilities and real estate expertise. K mart will be a valuable partner in the challenging do-it-yourself retail environment."

Fauber said that some of the new home center stores will be located in former K mart facilities, but that sites for the new venture would not be limited to such buildings.

K mart and Hechinger will be equally represented on the board of directors of the new venture.

Hechinger Company specializes in the sale of home improvement products to consumers through stores in Washington, D.C., Maryland, Virginia, Pennsylvania and North Carolina. Hechinger sales in 1982 were \$241.3 million, with earnings of \$11.7 million. Hechinger stock is traded over the counter.

Dennis Vista of the Design Division has just completed his testing and qualifications for registration as a Professional Engineer in the State of Michigan.

Dennis was born in the Philippines and immigrated to the U.S. in 1964 and became a U.S. citizen in 1978. He graduated from MAPUA Institute of Technology in 1964 where he received his B.S.M.E. degree.

Suggestion System Winners

Starting with our next issue, each month we will run a list of Suggestion System winners and what kind of ideas they came up with to win an award. All ideas are considered, so don't hesitate to enter. Pick up a suggestion form from the suggestion box in the stores and start jotting down your ideas. Send them to Barbara Ritchey, suggestion systems, KIH. Remember, it pays to think.

Notice to all employees

Please do not call or write building personnel at headquarters for Disneyland tickets. K mart Corporation has stopped issuing them.